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ZIEGLER_JAY @ ustr.gov
12/04/97 08:08:00 PM

Record Type: Record

To: barry j. toiv, jake siewert

cc:
Subject: Guidance on European Agricultural Trade Issues

RE: Questions during Mike's briefing today...

The President will raise agricultural trade concerns with EU President Jacques Santer that affect substantial areas of U.S. exports.

- Our specific concerns relate to EU market access restrictions on pharmaceuticals and cosmetic products that include beef products (animal tissues/gelatin) such as capsules and make-up.

- Also, the failure of the EU to put approval systems in place for agricultural crops developed through the application of biotechnology (corn) represent substantial unfair trade barrier.

- Together, these areas represent $5-10 billion in U.S. exports to the EU and we are determined to see fair treatment for U.S. producers.

4.29.97

Points on U.S.-Japan Trade

From: USTR

- President Clinton, Secretary Rubin, and Ambassador Barshefsky have repeatedly expressed the Administration's view that Japan cannot export its way out of its recession, but that domestic recovery in Japan must come from deregulation and a demand-driven recovery.

- The Administration is pursuing progress on trade issues with Japan across a range of issues including overall deregulation of the Japanese economy, full implementation of the U.S.-Japan autos and automotive parts trade agreement, opening Japan's telecommunications market (services and products), seeking removal of agricultural trade barriers, and looking to tougher enforcement of Japan's "competition policies" to ensure that foreign companies have fair access to Japanese consumers.

Question: Do you expect the U.S.-Japan trade deficit to grow?
Answer: The President, Secretary Rubin, and Amb. Barshefsky have consistently stated at every opportunity that we do not want to see the deficit grow and that we will monitor this situation closely.

Question: The Administration seems to be giving Japan a "pass" on the autos agreement?
Answer: We have pressed Japan for additional progress and will continue to do so. Amb. Barshefsky and Secretary Daley have made it clear that we expect to see accelerated deregulation of auto parts and the location of more dealerships where U.S.-made cars are sold so that Japanese consumers have real choices. The agreement is working to increase U.S. sales -- sales of cars made here went up more than 30% last year while other imports went up just 10% -- but there must be more progress.

5·21·97

GUIDANCE ON TRADE DEFICIT
May 21, 1997

* Attached is the memorandum, with pertinent information highlighted.

* (We should not make a big deal of either the drop in the trade deficit or the bilateral trade deficit with China. Both could be due to temporary factors and could just as easily pop back up next month.)

TOIV
NEC

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

May 21, 1997

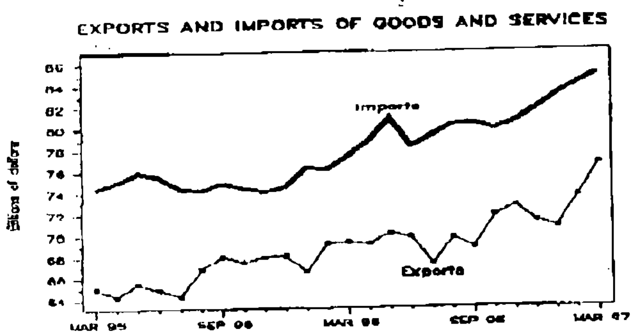
MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

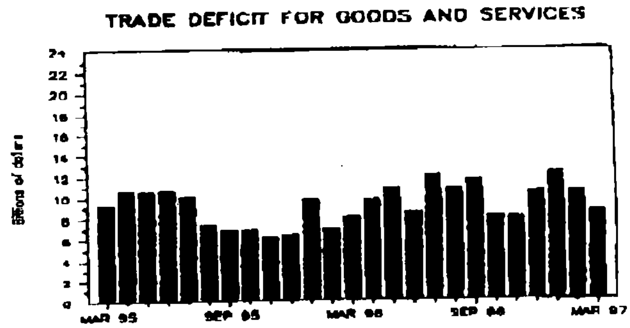
FROM: JEFFREY A. FRANKEL Jeff Frankel

SUBJECT: U.S. Trade in Goods and Services for March, Commerce Department Release, Wednesday, 8:30 a.m.

In March, the deficit on trade in goods and services narrowed to $8.5 billion, from $10.5 billion in February. The deficit was substantially smaller than market expectations. The goods deficit decreased $1.9 billion, and the services surplus rose $0.1 billion.

- Exports of goods grew $2.6 billion. Capital goods exports accounted for most of the increase, with civilian aircraft exports at their highest monthly level since 1992.
- Imports of goods increased only $0.6 billion. Automotive imports fell $1.2 billion.
- Despite the improvement in March, the trade deficit remains wider than the year-earlier level. The goods and services deficit for the first quarter of 1997 was $31.4 billion, which was $6.8 billion more than in the first quarter of 1996. While exports have shown strong growth, imports have been even stronger, driven by the strength of the economy.
- The bilateral deficit with China expanded $2.7 billion from the first quarter of 1996, and the deficit with Japan rose $1.4 billion. On the positive side, our trade deficit with the Asian newly industrialized countries narrowed $2.3 billion and is now near balance. The deficit with the European Union shrank $1.0 billion.





UNITED STATES DEPARTMENT OF
COMMERCE
NEWS
WASHINGTON, D.C. 20230

ECONOMICS AND STATISTICS ADMINISTRATION

Office of the Under Secretary

FOR IMMEDIATE RELEASE
Wednesday, May 21, 1997

CONTACT: David Weinfurter
202-482-3727

STATEMENT BY UNDER SECRETARY OF COMMERCE EVERETT M. EHRLICH

Washington, D.C. -- U.S. exports rose to yet another record level last month, totaling $76.5 billion, driving the trade deficit down from $10.5 billion in February to $8.5 billion in March. The increase was centered around an increase of about $700 million in aircraft exports. Aircraft and other capital goods drove the trade surplus in advanced technology products to $4.4 billion, also a record. Total exports have reached $851 billion over the past twelve months, an increase of 38 percent since 1992.

Imports have also increased, reflecting the very strong growth we have experienced in the U.S. over the past two quarters. Imports also rose to record levels in March despite a fall-off in automobile shipments, reflecting strong growth.

Our ongoing growth in exports to Mexico shows a clear recovery from the 1995 peso crisis. Our exports are running a full 43 percent above the level of the year before NAFTA, and are growing faster than our imports in recent months. We look forward to faster growth in Mexico and better trade results.

Our exports to Latin America, excluding Mexico, are up 18 percent so far this year, and are also growing faster than imports. This makes Latin America one of the fastest growing markets for the United States. Secretary Daley returns today from his trip to Brazil, Chile, and Argentina -- part of our Department's ongoing commitment to export promotion.

The deficit with Japan grew slightly in March. We continue to hope that Japan will work to implement the structural reforms that will allow for balanced and steady growth that benefits both trading partners.

Our deficit with China fell in March, following the usual annual pattern. While exports rose in March, China remains the only major market in the world where U.S. exports are not growing in the long term, and this despite significant economic growth in China. This export picture remains an object of concern to this Administration.

The stabilization of the trade deficit despite surging growth in the U.S. during the first quarter is concrete evidence of the continuing improvement in the competitiveness of American firms and workers. And that competitiveness reflects the healthy economic policy mix that has allowed investment and productivity growth to flourish in this expansion.

Elizabeth R. Newman
01/30/98 03:02:06 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: CORRECTED: Statement by the President on US-JApan Civil Aviation Agreement

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release January
30, 1998

STATEMENT BY THE PRESIDENT

U.S. - Japan Civil Aviation Agreement

I am pleased that the United States has reached a landmark agreement with Japan that will dramatically increase air service between our countries. This agreement will expand a $10 billion market that services nearly 12 million passengers and carries well over 1 billion pounds of cargo each year. It will allow more U.S. cities to have direct service to Japan, and give U.S. airlines extensive new rights to fly into and beyond Japan. This increased competition means more choices for American business travelers and tourists alike.

Like our agreements on telecommunications and financial services, this aviation agreement reflects my policy of opening the world's markets in areas where American companies are most competitive. In aviation alone, we have already concluded far-reaching agreements with Germany, Canada, and twenty other nations. Along with today's agreement, these pacts are moving international aviation into a twenty-first century where consumer needs, not governments, will determine where and how often passenger and cargo planes travel.

I want to thank Secretaries Albright and Slater, and the negotiators at the Departments of State and Transportation for their sustained efforts in reaching this historic agreement.

# # #

DRAFT

HIGHLIGHTS OF UNITED STATES - JAPAN CIVIL AVIATION AGREEMENT

This agreement opens doors for non-incumbent ("MOU") carriers.

- Non-incumbent combination carriers, currently Delta, American and Continental (with two others to follow), gain the right to offer an additional 90 weekly round-trip flights between the U.S. and Japan, nearly tripling their access to this market.

- Two new non-incumbent combination (passenger and cargo) carriers will be able to enter the U.S.-Japan market, one immediately and another in two years.

- Non-incumbent all-cargo carriers, UPS and Polar Air Cargo, gain valuable new opportunities to transport cargo to destinations beyond Japan.

This agreement eliminates restrictions and resolves disputes for incumbent carriers.

- This agreement lifts all restrictions on the number of flights operated and points served between the U.S. and Japan by incumbent combination and all-cargo carriers (United Airlines, Northwest Airlines, and Federal Express).

- This agreement resolves the long-standing dispute over our incumbent carriers' rights to fly from Japan to other international points beyond Japan.

Code sharing is permitted for the first time. U.S. and Japanese carriers can code share freely, U.S. carriers can code share among themselves on many operations to Japan and beyond, and U.S. carriers can code share with third-country carriers on operations to and beyond Japan.

Other new service will be available. Charter operations will increase in two years from the current 400 flights per year to 600 flights per year rising eventually to 800 flights.

Distribution and pricing provisions will promote competition. U.S. carriers are guaranteed a fair and equal opportunity to contract with wholesalers and travel agents and to set up enterprises to market their services directly to consumers. We have agreed to meet by May 1998 to consider further steps to liberalize pricing.

Liberalization will continue to move forward. We will begin talks within three years regarding a fully liberalized agreement. Whether we reach that goal or not, supplemental rights will be available. For example, non-incumbent combination carriers will gain the right to operate up to 35 additional weekly round-trip flights between the U.S. and Japan.

Economic benefits will be substantial. Based on calculations of the President's Council of Economic Advisors, we estimate that this agreement will provide the following cumulative benefits over four years: U.S. passengers will enjoy gains of about $1.2 billion (measuring the value to U.S. passengers of more service in a more competitive market); U.S. carriers will enjoy additional revenue of about $4 billion (due, in part, to an increase in market share); and U.S. exports of aviation services will enjoy a net increase of almost $4 billion (in each year, the U.S. trade surplus in this sector will be $1 billion higher than it otherwise would be).